

**Jo Ann Goddard**  
Director  
Federal Regulatory Relations

1275 Pennsylvania Avenue, N.W., Suite 400  
Washington, D.C. 20004  
(202) 383-6429

**PACIFIC**  **TELESIS**  
Group-Washington

**November 1, 1993**

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

*RM-8356*

**William F. Caton**  
**Acting Secretary**  
**Federal Communications Commission**  
**Mail Stop 1170**  
**1919 M Street, N.W., Room 222**  
**Washington, D.C. 20554**

**Dear Mr. Caton:**

**Re: *Reform of the Interstate Access Charge Rules***

**On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "Comments" in the above proceeding.**

**Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.**

**Sincerely,**



**Enclosures**

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

NOV - 1 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of )  
 )  
Reform of the Interstate Access )  
Charge Rules )  
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RM- 8356

COMMENTS OF PACIFIC BELL AND NEVADA BELL

In accordance with the Commission's Public Notice of October 1, 1993, Pacific Bell and Nevada Bell hereby respectfully comment on the United States Telephone Association's (USTA's) Petition for Rulemaking on Reform of the Interstate Access Charge Rules.

We support USTA's request for a rulemaking. However, changing market conditions have demonstrated that a more comprehensive reform will be necessary. Many new substitutes for traditional wireline services have emerged -- for example, cellular, PCS, satellite (Iridium), and cable television; asynchronous transfer mode (ATM) (which will provide a completely new architecture for distribution of switching and transport functions); and rapidly developing IXC, LEC, and CAP competition. These events have shown the need for a more immediate solution to the problems that USTA identifies. If we differ with USTA on any particular proposals in its petition, it will be because events have demonstrated the need for even more reaching reforms.

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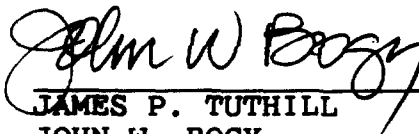
A decision on USTA's proposal for access reform must be reached in the near future, or meaningful action may not be possible until it is too late. The Commission will soon conduct a review of the price cap rules. Issues have been raised in the USTA Access Reform Proposal concerning access structure and pricing flexibility that cannot be dealt with separately from changes to the price cap rules. In a recent paper by the staff, the Commission also recognized areas where reform is necessary. The Commission must exercise care not to take any action in the price cap review proceeding that would preclude reforms of the type that USTA suggests for pricing flexibility: for example, basket restructure, rule changes, and new services cost support. Incentives related to sharing and the productivity offset also need to be addressed in the price cap proceeding.

The most urgent priority is to make needed changes to the rules governing access rate structure and pricing. Issues concerning the public policy aspect of access reform (assistance and contribution) must be dealt with at the same time, however, because they are so integral a part of the existing structure.

For these reasons, we respectfully urge the Commission  
to conduct the rulemaking that USTA proposes.

Respectfully submitted,

PACIFIC BELL  
NEVADA BELL

  
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JAMES P. TUTHILL  
JOHN W. BOGY

140 New Montgomery St., Rm. 1530-A  
San Francisco, California 94105  
(415) 542-7634

JAMES L. WURTZ

1275 Pennsylvania Avenue, N.W.  
Washington, D.C. 20004  
(202) 383-6472

Their Attorneys

Date: November 1, 1993